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# State of Utah Department of Commerce

Division of Securities

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## NEWS RELEASE

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### **Owners of Coin Center Accused of Fraud Scheme with Rare Coins, Precious Metals** ***Company took \$495,570 in coins and precious metals being invested for customers. . .***

**SALT LAKE CITY, Utah** – The Utah Division of Securities today issued an order to show cause against Orem-based Coin Trade Center, LLC (CTC) and its owners, Howard L. and Toni D. Gurney, accusing them of securities fraud, selling unregistered securities, and selling securities without being licensed. CTC and the Gurneys allegedly took \$495,570 from at least ten investors for two investment programs being offered by CTC.

The order to show cause alleges that CTC offered investments in a yearly “managed” account and a 90-day “storage” account. To qualify, investors would need to purchase rare coins or precious metals and leave them with CTC for management. The yearly account promised to pay 20% return, paid in ounces of the same precious metal that was invested. The 90-day account promised 9-12%, also paid in precious metals

in return for an investment, investors were given a contract that said CTC would trade the precious metals in metals markets, earning up to 50% per year for CTC. Investors who purchased the 90-day investment program were told their gold, silver, or rare coins would be stored at CTC. Most investors lost all their money when the company closed its doors.

According to the Division, CTC told investors the company had insurance to protect it against loss and the Gurneys had special skills and connections that enabled them to trade the metal to increase their value. Some investors were told the investment was guaranteed. The risks involved in the investment were said to be low. In reality, CTC and the Gurneys sold metals belonging to investors and used the funds to operate the company. The company ceased operations in 2005.

The order to show cause seeks to have an administrative law judge order CTC and the Gurneys to cease and desist violating the law and pay fines of \$750,000 for CTC and \$500,000 for the Gurneys. A hearing will be held on March 18, 2008 to determine whether the Gurneys and their company want to dispute the Division’s allegations.

Separately, the Utah County Attorney filed 21 counts of securities fraud against Howard and Toni Gurney on January 2, 2008 for their role in this scheme. The criminal case is pending.